Attachment 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

September 11, 2006

Chief Investment Officer's

Consolidated Investment Activity Report

(July 2006 Reporting Period)

Market Environment – July 31, 2006

General Market Commentary

The Federal Reserve paused its current monetary tightening leaving interest rates unchanged for the first time in over two years amid signs of a slowing economy and tamer inflation indicators. The core consumer price index, which excludes volatile energy and food prices, rose by 0.2 percent in July.

Domestic and International Equities

Large-cap stocks were the leading performers of the domestic equity markets during the month with value stocks significantly outperforming their growth counterparts across all capitalizations. The Russell 1000 Value Index returned 2.4% while the Russell 1000 Growth posted a loss of 1.9% during the month. Small-cap stocks, as measured by the Russell 2000 Index, returned (3.2%). International developed markets (MSCI EAFE) returned 1.0% during July while emerging markets (MSCI EM) returned 1.4%.

Domestic and International Fixed Income

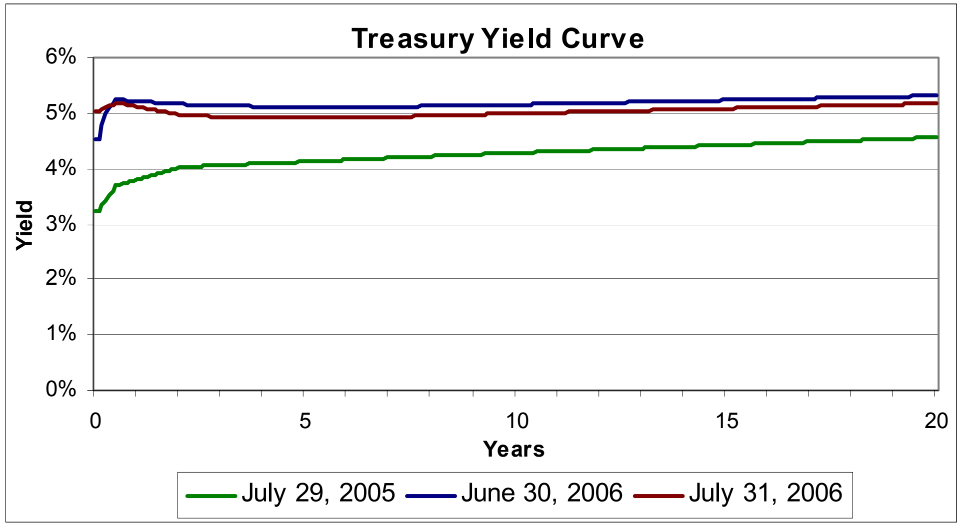
The yield curve remained relatively flat during the month with yields slightly decreasing. The Lehman Brothers Aggregate Bond Index returned 1.3% during the month. 90-day Treasury Bills rose 0.4%. US TIPS posted a 1.6% gain (LB US TIPS). International fixed income markets rose by 0.7% as measured by the Citigroup World Government Bond Index ex US.

Real Estate

Real estate, as measured by the NAREIT Equity Index, rose by 3.4% in July. The NCREIF Index of Real Estate Properties returned 4.0% in the quarter ended June 2006.

Private Equity, Absolute Return Strategies

The Venture Economics All Private Equity Index returned 22.8% for the 12 months ended March 2006 and 11.8% for the 10 years ended March 2006. Absolute Return Strategies (CSFB/Tremont Hedge Fund Index) returned 0.3% in July and 11.0% for the 12 months ended July 2006.



MARKET INDICATORS	7/29/2005	Direction	6/30/2006	Direction	7/31/2006
1m LIBOR (fixed in $)	3.52%	▲	5.33%	▲	5.39%
Federal Funds	3.25%	▲	5.25%	—	5.25%
10Y Treasury Note Yield	4.29%	▲	5.14%	▼	4.99%
30Y Treasury Bond Yield	4.47%	▲	5.19%	▼	5.07%
DJ-Wilshire 5000 Comp	12,333.31	▲	12,808.89	▼	12,780.76
S&P 500	1,234.18	▲	1,270.20	▲	1,276.66
NASDAQ Composite	2,184.83	▼	2,172.09	▼	2,091.47
FTSE 100 Index	5,282.30	▲	5,833.40	▲	5,928.30
Nikkei 225 Index	11,899.60	▲	15,505.18	▼	15,456.81
Yen/$ (Dollar Strength)	112.250	▲	114.510	▼	114.440
Euro/$ (Dollar Strength)	0.824	▼	0.783	▲	0.783
GBP/$ (Dollar Strength)	0.568	▼	0.541	▼	0.535
Crude Oil per Barrel	$ 60.57	▲	$ 73.93	▲	$ 74.40
Gold ($/oz Daily Spot)	$ 429.00	▲	$ 613.50	▲	$ 632.50
GS Commodities Index	$ 402.61	▲	$ 484.68	▲	$ 498.25

CalPERS Asset Allocation – July 31, 2006

Summary

- Total Fund Market Value was $210.0 Billion
- Total Fund Book Value was $165.8 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value ($ Billion)	Market Value ($ Billion)	Difference ($ Billion)
Total Cash Equivalents	**$0.9**	**$0.9**	**$0.0**
Total AIM Direct/Partnership	**$13.4**	**$11.5**	**$-1.9**
Total Fixed Income	**$51.2**	**$50.8**	**$-0.5**
Domestic Equities[1]	$50.6	$83.3	$32.7
International Equities	$36.7	$48.0	$11.2
Total Equities	**$87.3**	**$131.2**	**$43.9**
Total Real Estate	**$13.0**	**$15.6**	**$2.6**
Total Equities and Real Estate	**$100.3**	**$146.8**	**$46.6**
Total Fund	**$165.8**	**$210.0**	**$44.1**

[1] Included is MDP Investment - LM Capital Investment: Total Book Value**=$187.0M,** Total Market Value**=$182.2M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 7/31/2006

Company Name	Equity Exposure: Internally Managed Active	Internally Managed Passive	Externally Managed Active	Externally Managed Passive	Total Equity Market Value	Fixed Income Exposure: Internal	External	Sec. Lending(2)	Total FI Market Value	Real Estate Exposure (1)	TOTAL Market Value	% of Total Fund(3)
BNP PARIBAS SECURITIES					0			2,850,000,000	2,850,000,000		**2,850,000,000**	0.00%
GENERAL ELECTRIC	264,835,779	1,274,109,095	170,706,232		1,709,651,106	54,029,015	35,311,262	580,526,626	669,866,903		**2,379,518,009**	0.85%
EXXON MOBIL CORP	315,857,937	1,532,116,224	232,435,585		2,080,409,746				0		**2,080,409,746**	0.98%
BANK OF AMERICA CORP	111,207,769	881,646,094	152,524,729		1,145,378,592	41,895,483	4,310,032	747,695,000	793,900,515		**1,939,279,107**	0.56%
CITIGROUP INC	223,573,173	905,005,723	172,710,955		1,301,289,851	80,944,053	26,587,566		107,531,619		**1,408,821,470**	0.67%
MICROSOFT CORP	224,373,565	932,604,300	159,855,658		1,316,833,523				0		**1,316,833,523**	0.62%
BERKSHIRE HATHAWAY	123,749,700	520,474,838	4,213,600		648,438,138	225,740,026		200,250,000	425,990,026		**1,074,428,164**	0.41%
JPMORGAN CHASE & CO	179,539,289	587,797,362	135,104,999		902,441,650	33,154,402	5,138,538	99,972,930	138,265,870		**1,040,707,520**	0.45%
WAL MART STORES INC	109,998,037	677,294,450	82,916,576		870,209,063	127,121,207	2,839,524		129,960,731		**1,000,169,794**	0.47%
ABN AMRO					0			1,000,000,000	1,000,000,000		**1,000,000,000**	0.00%
JOHNSON + JOHNSON	150,233,904	684,841,185	122,437,497		957,512,586	13,608,735			13,608,735		**971,121,321**	0.46%
PFIZER INC	91,788,961	707,619,334	152,660,738		952,069,033	16,172,930			16,172,930		**968,241,963**	0.46%
HSBC HOLDINGS		223,204,257	155,821,048	217,291,879	596,317,184	132,779,629	7,607,805	227,346,785	367,734,219		**964,051,403**	0.35%
PROCTER + GAMBLE CO	113,088,787	696,305,186	90,990,048		900,384,021	4,768,669			4,768,669		**905,152,690**	0.43%
CONOCOPHILLIPS	59,104,737	426,759,659	107,596,701		593,461,097	216,714,465			216,714,465		**810,175,562**	0.38%
AMERICAN INTL GROUP INC	87,186,552	583,360,251	66,726,565		737,273,368	9,049,200	26,903,245		35,952,445		**773,225,813**	0.37%
VERIZON COMMUNICATIONS	84,093,295	365,773,006	57,399,439		507,265,740	250,269,023	2,127,614		252,396,637		**759,662,377**	0.36%
CHEVRONTEXACO CORP	76,972,204	543,224,396	83,038,435		703,235,035	52,409,544			52,409,544		**755,644,579**	0.36%
ROYAL DUTCH SHELL		254,535,896	249,186,776	246,013,160	749,735,832				0		**749,735,832**	0.35%
INTERNATIONAL BUSINESS I	170,007,300	454,698,599	69,284,195		693,990,094	7,870,440	2,028,895		9,899,335		**703,889,429**	0.33%

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

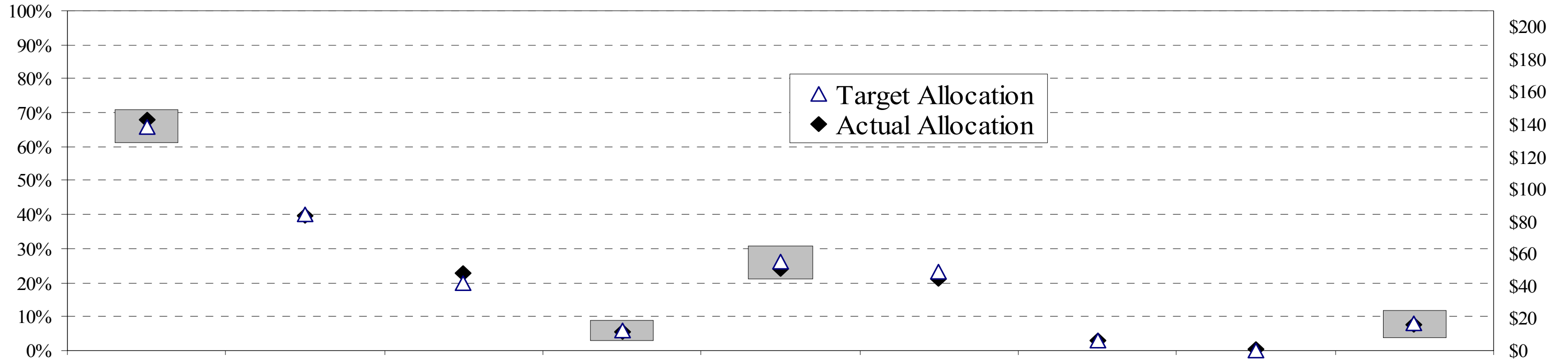
(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of July 31, 2006

Total Fund Market Value: **$209,956,111,402**



	Total Equity	Domestic Equity	International Equity	Private Equity	Total Fixed	Domestic Fixed	International Fixed	Cash[1]	Real Estate	Total Fund
Target Range	61-71%	N/A	N/A	3-9%	21-31%	N/A	N/A	N/A	4-12%	N/A
Strategic %	66.0%	40.0%[2]	20.0%[3]	6.0%	26.0%	23.0%	3.0%	0.0%	8.0%	N/A
Actual %	68.0%	39.7%	22.8%	5.5%	24.2%	21.0%	3.2%	0.5%	7.4%	N/A
Variance %	**2.0%**	**(0.3%)**	**2.8%**	**(0.5%)**	**(1.8%)**	**(2.0%)**	**0.2%**	**0.5%**	**(0.6%)**	**N/A**
Strategic $[4]	$138.6	$84.0	$42.0	$12.6	$54.6	$48.3	$6.3	$0.0	$16.8	N/A
Actual $[4 5]	$142.7	$83.3	$48.0	$11.5	$50.8	$44.1	$6.6	$.9	$15.6	N/A
Variance $[4]	**$4.1**	**($0.7)**	**$6.0**	**($1.1)**	**($3.8)**	**($4.2)**	**$0.3**	**$0.9**	**($1.2)**	**N/A**
% Passive	63.0%	75.2%	56.9%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	43.0%
% Active	37.0%	24.8%	43.1%	100.0%	100.0%	100.0%	100.0%	100.0%	96.9%	57.0%
% Internal[6]	53.6%	75.2%	28.8%	0.0%	84.9%	97.6%	0.0%	43.0%	3.1%	57.3%
% External[6]	46.4%	24.8%	71.2%	100.0%	15.1%	2.4%	100.0%	57.0%	96.9%	42.7%

MDP Venture accounts included in MDP's primary asset class. MDP Fixed and Enhanced Index Equity roll to External Domestic Equity.

[1] Cash includes SMIF at STO.

[2] Wilshire's reports reflect 38.8%, to account for 1.2% allocation to RMARS Program.

[3] Wilshire's reports reflect 19.4%, to account for 0.6% allocation to RMARS Program.

[4] ($ Billion)

[5] Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

[6] For cash percentage only, average over previous 6 months.

Private Equity Asset Allocation as of 7/31/2006

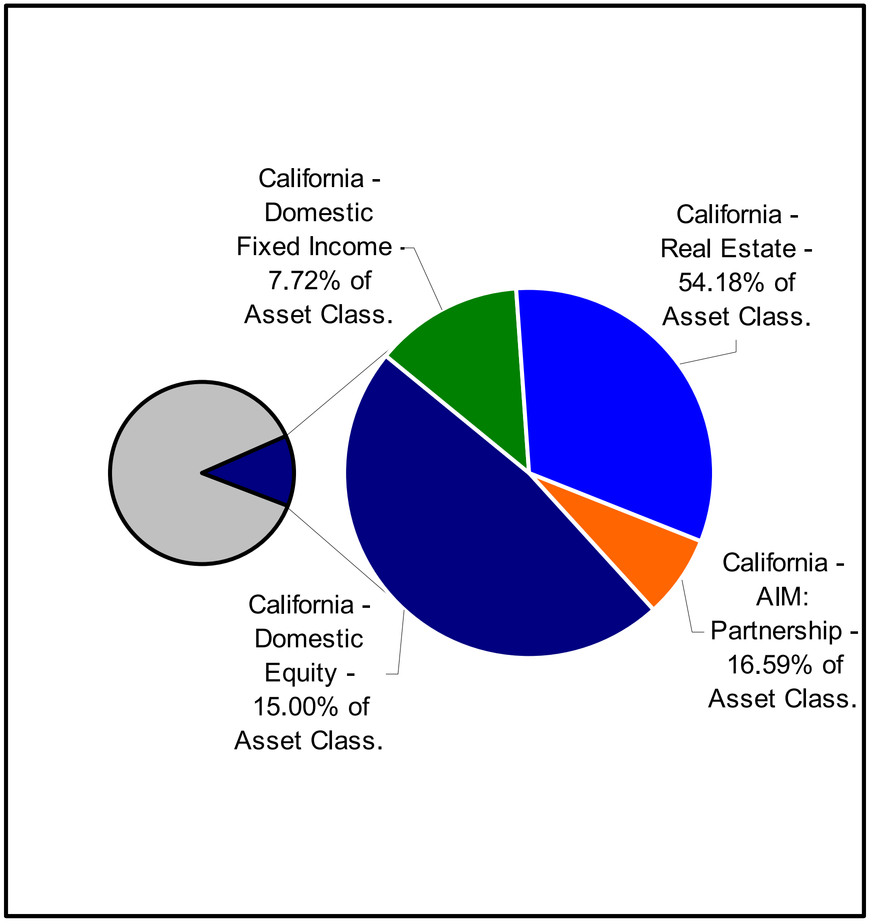
Funded	$(in Billions)	% Allocation	Target Range
Current Market Value	$11.45	5.5%	
Unfunded Commitment	$13.30	6.3%	
Current Market Value plus Unfunded Commitment	**$24.75**	**11.8%**	**3-9%**

CalPERS Investments in the State of California – July 31, 2006

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

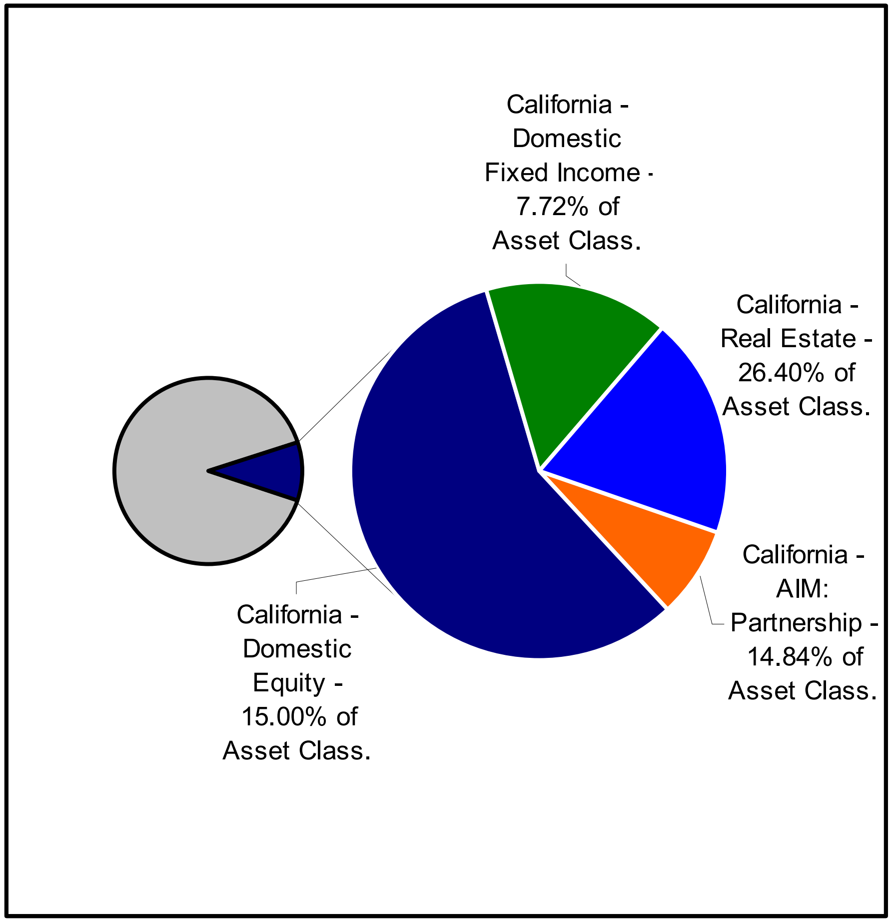
California Commitments (includes unfunded investments)

Current California Commitments at 7/31/2006 Total Fund %: 12.50%



California Investments

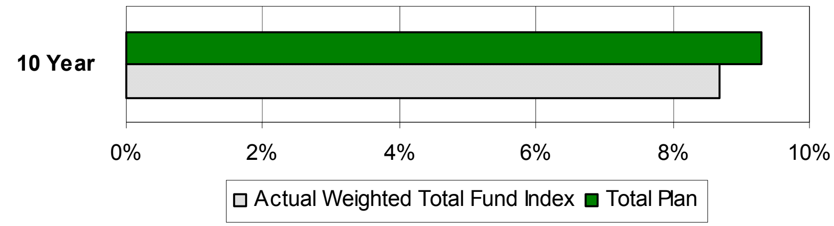
Current California Investments at 7/31/2006 Total Fund %: 10.34%



Performance Summary – July 31, 2006

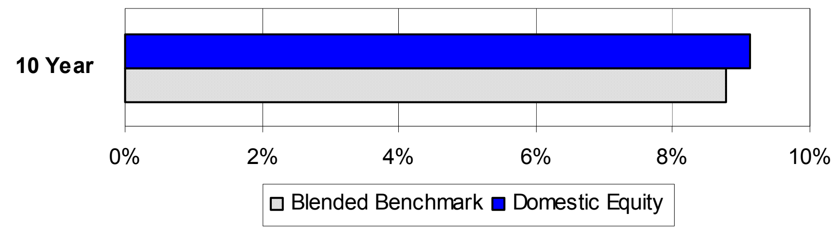
Total Plan:

Net Total Fund returns have exceeded the Actual Weighted Total Fund Index in all long-term periods shown but underperformed in the short-term periods. Ten-year net returns were 9.34% versus 8.69% for the actual weighted index.



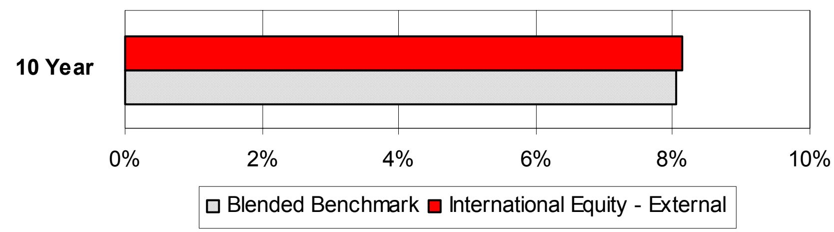
Domestic Equity:

Net Domestic Equity returns have exceeded the Blended Index in the one month, fiscal-year, one-year, five-year and ten-year time periods, but underperformed during the past three months, calendar year-to-date and three-year time periods. Ten-year net returns were 9.12% versus 8.79% for the blended benchmark.



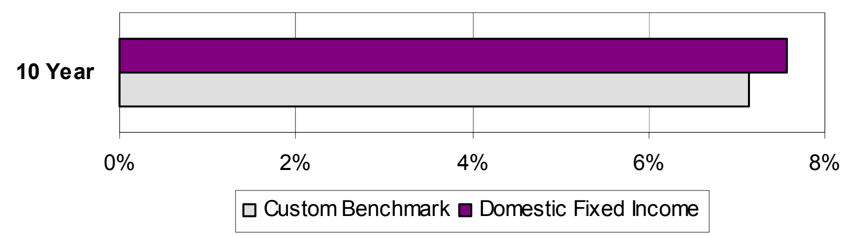
International Equity:

Net International Equity (External) returns including the currency overlay have underperformed during all periods except for the ten-year time period. Ten-year net returns were 8.13% (8.01% without currency overlay) versus 8.04% for the blended benchmark. The Internal portfolio has returned 24.47% since its 5/1/2005 inception (exceeding its benchmark of 23.97%).



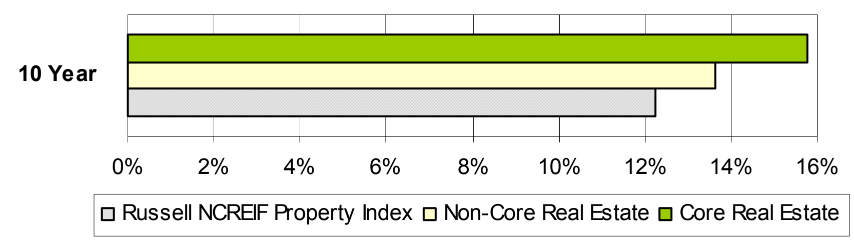
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in all periods shown except for during the month of July, which is the first month of the new fiscal year. Ten-year net returns were 7.57% versus 7.14% for the benchmark.



Real Estate:

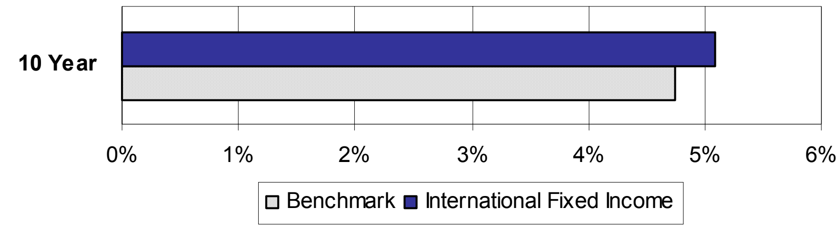
Net returns to the Core Real Estate Portfolio have exceeded the NCREIF Property benchmark in all periods shown. Non-core portfolio returns have exceeded the benchmark in all relevant periods shown. Ten-year net returns were 15.79% for the Core Real Estate portfolio and 13.62% for Non-Core Real Estate versus 12.23% for the lagged benchmark.



Performance Summary – July 31, 2006

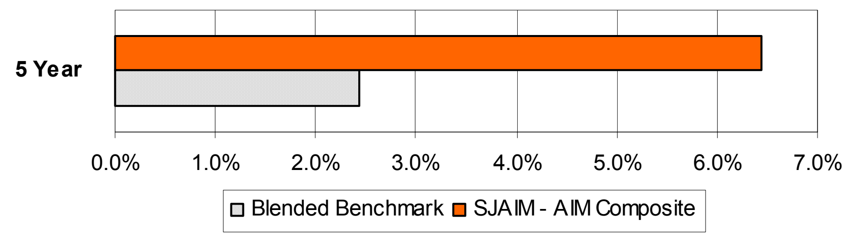
International Fixed Income:

Net International Fixed Income returns have underperformed during the past three months, calendar year-to-date and one-year time periods, but have exceeded the benchmark in all other time periods. Ten-year net returns were 5.09% versus 4.75% for the benchmark.



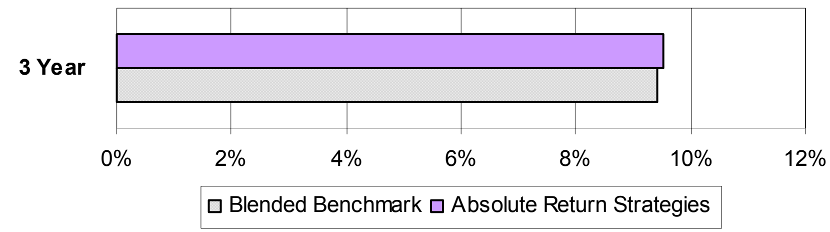
Alternative Investments:

Net returns for the Alternative Investments portfolio have exceeded the blended benchmark in all time periods except during July, which is the first month of the fiscal year. Five-year net returns are shown for the AIM Composite, which includes distributed stock (6.44% vs. 2.44%). Ten-year net returns for the AIM Partnership & Direct Composite were 12.85%, exceeding the ten-year custom blended benchmark return of 8.13%.



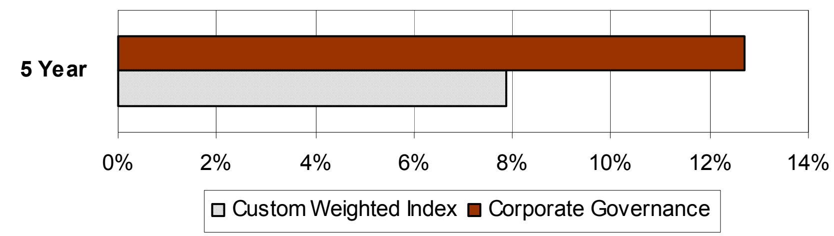
Absolute Return Strategies:

Net Absolute Return Strategies returns have underperformed in the short-term time periods, but outperformed during the one-year and three-year time periods. Three-year net returns were 9.53% versus 9.42% for the blended benchmark.



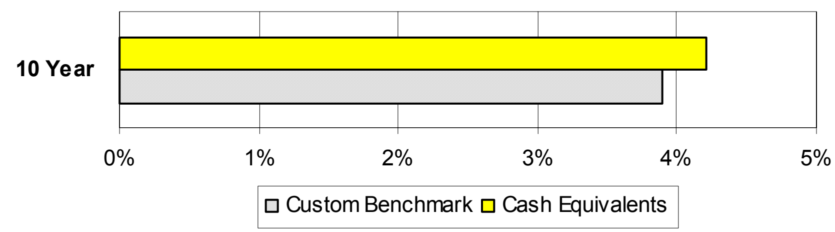
Corporate Governance:

Net returns to Corporate Governance Investments have underperformed the Custom Benchmark in the short-term time periods, but outperformed in the three-year and five-year time periods. Five-year net returns were 12.71% versus 7.89% for the weighted index.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have exceeded the benchmark in all long-term periods shown, but have equaled or underperformed in the short-term time periods. Ten-year net returns were 4.21% versus 3.90% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending July 31, 2006
Investment Committee Meeting September 2006

	MKT VAL (000'S)	One Month July 06	QTR May - July 06	FYTD 06-07	CYTD 2006	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 TOTAL FUND	209,956,111	0.50	-1.42	0.50	4.86	10.42	13.90	7.78	9.50
CALPERS POLICY INDEX		0.67	-1.00	0.67	4.75	9.29	12.73	6.93	8.28
ACTUAL WEIGHTED TOTAL FUND INDEX		0.54	-1.33	0.54	4.58	9.14	12.80	7.16	8.69
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOM EQ+IND HG+ENV EX VENT, HDG, CG	77,822,686	-0.38	-3.59	-0.38	2.64	4.93	11.37	3.96	9.14
WILSHIRE 2500 EX TOBACCO (BLENDED)		-0.43	-3.52	-0.43	2.70	4.77	11.36	3.73	8.79
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	31,536,077	1.07	-4.37	1.07	10.71	24.42	24.59	11.97	8.05
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	31,338,232	1.04	-4.66	1.04	8.86	23.17	23.56	10.71	8.19
CALPERS FTSE A-W X US/SSGA BLEND		1.12	-3.70	1.12	10.94	24.42	24.58	12.07	8.04
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	13,853,811	1.12	-2.57	1.12	11.92	24.57			
CALPERS FTSE DEV WORLD EX US & TOBACCO		1.09	-2.68	1.09	11.71	24.22			
SWCG INTERNATIONAL EQUITY TRANSITION	21,220	-10.97	-9.57	-10.97	6.29				
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	3,295,024	0.00	-2.20	0.00	4.99	8.96	9.71		
TOTAL ARS PROGRAM BLENDED INDEX		0.98	2.32	0.98	5.12	8.66	9.42		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	3,928,579	-0.85	-4.23	-0.85	4.05	15.05	22.51	13.27	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		0.21	-3.95	0.21	2.88	16.21	17.31	7.89	
MDP DOM FIXED INCOME-NVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	182,202	1.51	1.55	1.51	1.14	1.93	4.17		
CITIGROUP BROAD INVESTMENT GRADE		1.40	1.50	1.40	0.62	1.47	3.79	4.83	6.36
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	44,130,008	1.68	1.88	1.68	0.02	1.53	6.03	6.26	7.58
CALPERS CUSTOM LEH LPF		1.70	1.77	1.70	-0.78	0.01	4.96	5.75	7.14
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,620,352	0.83	1.06	0.83	4.36	1.56	6.66	9.57	5.17
CALPERS WORLD GOVT EX US		0.73	1.31	0.73	4.56	1.77	6.32	9.28	4.75
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	949,281	0.44	1.25	0.44	2.74	4.59	2.69	2.54	4.21
CALPERS CUSTOM STIF NET OF FEES		0.44	1.27	0.44	2.77	4.40	2.53	2.27	3.90
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	11,452,194	0.36	5.34	0.36	10.98	19.96	18.89	6.46	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	11,381,615	0.40	5.47	0.40	10.98	20.18	18.95	6.54	12.85
PERS WILSHIRE 2500/CYFU BLEND		1.41	4.04	1.41	9.50	18.09	15.32	2.44	8.13
SW2V AIM DISTRIBUTION STOCK	70,578	-3.89	-8.20	-3.89	9.20	-5.55	14.12	4.79	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	8,578,776	0.06	6.58	0.06	15.90	38.34	28.92	21.06	17.61
SW7KA1 TOTAL NON-CORE REAL ESTATE	7,002,851	0.94	5.22	0.94	20.62	36.07	32.15	20.78	16.86
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	3.62	0.00	9.25	20.19	15.07	11.67	12.23

(1) SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank   Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.
A recalculation in one international corporate governance portfolio resulted in a variance in market value and performance from prior periods' published reports.
This report prepared by State Street Bank

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending July 31, 2006
Investment Committee Meeting September 2006

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TOTAL PLAN									
SJ1CA1 TOTAL FUND	209,956,111	0.50	-1.47	0.50	4.72	10.09	13.60	7.54	9.34
CALPERS POLICY INDEX		0.67	-1.00	0.67	4.75	9.29	12.73	6.93	8.28
ACTUAL WEIGHTED TOTAL FUND INDEX		0.54	-1.33	0.54	4.58	9.14	12.80	7.16	8.69
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOM EQ+IND HG+ENV EX VENT, HDG, CG	77,822,686	-0.38	-3.60	-0.38	2.63	4.90	11.35	3.93	9.12
WILSHIRE 2500 EX TOBACCO (BLENDED)		-0.43	-3.52	-0.43	2.70	4.77	11.36	3.73	8.79
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	31,536,077	1.06	-4.39	1.06	10.66	24.34	24.51	11.91	8.01
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	31,338,232	1.03	-4.68	1.03	8.81	23.07	23.48	10.64	8.13
CALPERS FTSE A-W X US/SSGA BLEND		1.12	-3.70	1.12	10.94	24.42	24.58	12.07	8.04
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	13,853,811	1.12	-2.57	1.12	11.92	24.57			
CALPERS FTSE DEV WORLD EX US & TOBACCO		1.09	-2.68	1.09	11.71	24.22			
SWCG INTERNATIONAL EQUITY TRANSITION	21,220	-10.97	-9.57	-10.97	6.29				
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	3,295,024	-0.05	-2.26	-0.05	4.85	8.71	9.53		
TOTAL ARS PROGRAM BLENDED INDEX		0.98	2.32	0.98	5.12	8.66	9.42		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	3,928,579	-1.00	-4.50	-1.00	3.65	14.61	21.99	12.71	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		0.21	-3.95	0.21	2.88	16.21	17.31	7.89	
MDP DOM FIXED INCOME-NVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	182,202	1.51	1.52	1.51	1.07	1.78	3.97		
CITIGROUP BROAD INVESTMENT GRADE		1.40	1.50	1.40	0.62	1.47	3.79	4.83	6.36
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	44,130,008	1.68	1.88	1.68	0.02	1.52	6.02	6.25	7.57
CALPERS CUSTOM LEH LPF		1.70	1.77	1.70	-0.78	0.01	4.96	5.75	7.14
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,620,352	0.83	1.04	0.83	4.33	1.49	6.59	9.49	5.09
CALPERS WORLD GOVT EX US		0.73	1.31	0.73	4.56	1.77	6.32	9.28	4.75
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	949,281	0.44	1.25	0.44	2.74	4.59	2.69	2.54	4.21
CALPERS CUSTOM STIF NET OF FEES		0.44	1.27	0.44	2.77	4.40	2.53	2.27	3.90
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	11,452,194	0.36	5.33	0.36	10.97	19.94	18.87	6.44	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	11,381,615	0.40	5.47	0.40	10.98	20.18	18.95	6.54	12.85
PERS WILSHIRE 2500/CYFU BLEND		1.41	4.04	1.41	9.50	18.09	15.32	2.44	8.13
SW2V AIM DISTRIBUTION STOCK	70,578	-4.19	-8.49	-4.19	8.07	-6.69	13.04	3.50	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	8,578,776	0.06	6.38	0.06	15.38	33.70	24.86	18.24	15.79
SW7KA1 TOTAL NON-CORE REAL ESTATE	7,002,851	0.94	4.06	0.94	16.26	27.98	25.00	15.88	13.62
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	3.62	0.00	9.25	20.19	15.07	11.67	12.23

(1) SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank   Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.
A recalculation in one international corporate governance portfolio resulted in a variance in market value and performance from prior periods' published reports.
This report prepared by State Street Bank

Investment Operations Report

Closed Session Transactions

- There were 3 (three) closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Activity Reports – July 31, 2006

- Staff prepares activity reports for the AIM, Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2004	2005	2006 YTD	Since Inception
Investment Proposals Received	26	381	316	159	5,940
Declined/Referred/Failed to Materialize	7	223	429	77	4,670
Deals in Screening	112	397	318	159	2,954
Due Diligence Reviews	26	65	59	36	564

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2004	2005	2006 YTD	Since Inception
Information Received	59	59	39	596
Declined	12	7	1	243
Deals in Screening	45	58	38	341
Due Diligence Reviews	5	22	41	84
Approved by ARS Board	5	22	41	82
Funded Investments ($ Millions)	$149	$783	$1,202	$2,713

Opportunistic Real Estate Investments Activity Report

Activity	Month
Page Mill Properties II Market Street	July 2006

Quarterly Reports

According to policy requirements, the following is summary information extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and Full Reports are available in the supplemental reporting document.

CalPERS Affiliate Funds:

Total Fund Performance Results

Total Fund Performance
Periods Ended June 30, 2006

	Qtr	One Year	Three Year	Five Year	Ten Year
Judges II	-0.6%	7.8%	10.7%	5.9%	-.-
Weighted Policy Benchmark [1]	*-0.7*	*9.0*	*10.5*	*5.7*	-.-
Long Term Care ("LTC")	-0.6	7.1	10.2	5.3	8.0
Weighted Policy Benchmark	*-0.6*	*7.4*	*9.8*	*5.1*	*8.0*
Volunteer Firefighters ("VFF")	-0.8	10.3	10.8	5.4	8.9
Weighted Policy Benchmark	*-0.7*	*10.2*	*10.3*	*5.3*	*8.7*
SF Healthcare	1.3	4.4	2.8	2.8	-.-
TUCS Public Fund Median [2]	*-0.9*	*9.4*	*11.4*	*6.3*	*8.3*

[1] The weighted policy benchmark returns for Judges II, LTC, and VFF are based on asset class index returns weighted by asset class policy targets.

[2] The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolio returns subdivided by client type and asset class.

CalPERS Affiliated Funds (cont.)

Asset Allocation

	Judges II Actual	Judges II Policy	Diff	LTC Actual	LTC Policy	Diff	VFF Actual	VFF Policy	Diff
US Equity	34.5%	34.0%	0.5%	29.1%	29.0%	0.1%	34.3%	34.0%	0.3%
Int'l Equity	20.8	20.0	0.8	19.6	19.0	0.6	20.4	20.0	0.4
US Bonds	34.8	36.0	-1.2	29.2	30.0	-0.8	34.6	36.0	-1.4
High Yield	0.0	0.0	0.0	9.8	10.0	-0.2	0.0	0.0	0.0
TIPS	0.0	0.0	0.0	7.2	7.0	0.2	0.0	0.0	0.0
Real Estate	9.8	10.0	-0.2	5.0	5.0	0.0	10.2	10.0	0.2
Cash	0.1	0.0	0.1	0.0	0.0	0.0	0.4	0.0	0.4
Total	100.0	100.0	0.0	100.0	100.0	0.0	100.0	100.0	0.0

Commentary

- Judges II , VFF, and LTC mirrored their respective weighted policies during the second quarter of 2006. Having the second largest allocation in U.S. equity and the highest allocation in Real Estate among the three plans, VFF trailed Judges II and LTC as these were the worst performing segments during the quarter. Judges II and LTC benefited by overweighting in international equity, however this was offset by the relative underperformance of REITs relative to the Dow Jones Wilshire REIT Index.

Legislators' Retirement System:

Total Fund Performance Results

Total Fund Performance
Periods Ended June 30, 2006

	Qtr	One Year	Three Year	Five Year	Ten Year
LRS	**-0.7%**	**2.0%**	**6.9%**	**5.2%**	**8.2%**
Weighted Policy Benchmark [3]	-0.8	3.0	7.1	5.8	8.4
TUCS Public Fund Median [4]	-0.9	9.4	11.4	6.3	8.3

Asset Allocation

Asset Class	Actual	Policy	Difference
US Equity	30.5%	30.0%	+0.5%
International Equity	10.0	10.0	0.0
US Bonds	49.3	50.0	-0.7
TIPS	10.1	10.0	+0.1
Cash Equivalents	0.0	0.0	0.0
	100.0	100.0	0.0

Commentary

- The California Legislators' Retirement System ('LRS, the System') produced a return of -0.7% during the second quarter of 2006, slightly beating its weighted policy benchmark for the same period (-0.8%). Though over all longer periods, the System has trailed its benchmark. The LRS has outperformed relative to the TUCS Public Fund Median for the quarter but trailed for all longer periods.

- As of June 30, the System's market value was $133.6 million, which represented a net decrease of approximately $2.9 million from the beginning of the quarter. The change in market value consisted of net contribution of $0.0 million, net distribution and administrative fees of $2.2 million and a net investment loss of $0.7 million.

[3] The weighted policy benchmark returns are based on asset class index returns weighted by asset class policy targets.

[4] The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolio returns subdivided by client type and asset class.

Deferred Compensation Program Reports:

US Treasury Intermediate Term Fund:

	12/97	12/98	12/99	12/00	12/01	12/02	12/03	12/04	12/05	06/06
Market Value ($ Millions)	44.9	56.9	48.4	48.9	53.3	58.1	55.6	20.7	21.3	21.7

PERFORMANCE*
For Periods Ended June 30, 2006

	Qtr.	1 Yr.	3 Yr. Annualized	5 Yr. Annualized
U.S. Treasury Intermediate Term	0.19%	0.64%	1.24%	4.16%
Benchmark:				
CalPERS Custom Lehman 1-10	0.19%	-0.19%	1.05%	3.83%

Comments: The second quarter of 2006 began with the yield on the U.S. Treasury 3 year Note at 4.825% and the 5 year Note at 4.812%. During the quarter, interest rates rose in short term Notes with maturities from 2 to 10 years. These changes occurred due to continued pressure on short term yield levels as the Federal Reserve continued to raise the fund rate. This resulted in a fall in the price of short term Notes as yields rose. During the quarter the Federal Reserve increased the Federal Funds Rate from 4.75% to 5.25%. The 3 year Note ended the quarter at 5.128% and the 5 year Note at 5.098%.

*Gross performance. Savings CalPERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Deferred Compensation Program Reports (cont.)

US Treasury Short Term Fund:

	12/97	12/98	12/99	12/00	12/01	12/02	12/03	12/04	12/05	06/06
Market Value ($ millions)	40.8	49.5	50.5	53.8	56.3	52.6	48.1	23.1	25.3	28.1

PERFORMANCE*
For Periods Ended June 30, 2006

	Qtr.	1 Yr.	3 Yr. Annualized	5 Yr. Annualized
U.S. Treasury Short Term	0.41%	4.13%	2.35%	2.13%
Benchmark:				
PERS 1 Month T-Bill	0.36%	3.87%	2.22%	2.06%

Comments: During the second quarter of 2006, 1-month T-Bills traded in a range of 4.47% to 4.78%. 1-month T-Bills began the quarter at 4.63% and ended the quarter at 4.47%. The Bill's rate rose throughout most of the period and then declined during June prior to the last meeting of the quarter. The decline is likely due to the markets expectation the Federal Reserve might pause after the June meeting. During the quarter the FOMC raised the Fed Funds target rate from 4.75% to 5% on May 10 and to 5.25% on June 29.

*Gross performance. CalPERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Deferred Compensation Program Reports (cont.)

S & P 500 Index Fund:

	12/97	12/98	12/99	12/00	12/01	12/02	12/03	12/04	12/05	06/06
Market Value ($ millions)	265.0	480.4	887.1	831.6	744.3	581.7	821.1	932.2	955.9	950.8

PERFORMANCE*
For Periods Ended June 30, 2006

	Qtr.	1 Yr.	3 Yr. Annualized	5 Yr. Annualized
S&P 500 Index Fund	-1.43%	8.64%	11.20%	2.42%
Benchmark:				
S&P 500 Index	-1.44%	8.63%	11.22%	2.49%

Comments: For the quarter, the portfolio returned 1 bps versus the S&P 500 index. The NAV returns for the quarter and one-year period were -1.43% and 8.64% versus the benchmark's -1.44% and 8.63% respectively. The S&P 500 Index Fund began in November 1991 with the Savings Plus Program and grew as the CalPERS 457 Program was added in February 1995.

*Gross performance. As of July 1, 1996 asset management fees for the Savings Plus Program were renegotiated to .056% per year. Prior to July 1, 1996 Savings Plus Program had asset management fees of .16% per year. CalPERS 457 Program has asset management fees of .09% per year and an administration fee of .26% per year. **Above returns are calculated using Internal Rate of Return (IRR).

Securities Lending Earnings:

Earnings for the quarter ended June 30, 2006, are presented to the Investment Committee for information.

	Average Lendable Assets ($ 000)	Average % on Loan	Net Margin (Annualized)	Net Income to CalPERS ($ 000)
Asset Class				
Global Equities	$113,166,280	20%	45 bp	$25,211
Global Fixed Income	$ 32,328,351	47%	18 bp	$ 6,956
Total Program	$145,494,631	26%	34 bp	$32,167

Policy Violations:

Boston Global Advisors did not violate the policy during the second quarter of the calendar year.

Credit Suisse did not violate the policy during the second quarter of the calendar year.

eSecLending did not violate the policy during the second quarter of the calendar year.

Metropolitan West did not violate the policy during the second quarter of the calendar year.

State Street Bank did not violate the policy during the second quarter of the calendar year.

Results:

The securities lending program generated $32.2 million of net income for the quarter ended June 30, 2006. The average market value of securities on loan for the quarter was $37.8 billion.

Supplemental Savings Programs:

- CalPERS 457 Program - During the 2nd quarter ending June 30, 2006, the CalPERS 457 Program experienced an $8.0 million (1.5%) net increase in assets for a total of $540.3 million. The number of participants grew by 550 (2.6%), to 21,451, and agency adoptions by 6 (1.1%), to 566.

  For fiscal year 2005/2006, the CalPERS 457 Program achieved a $97.6 million (22%) net increase in assets. The number of participants increased by 2,086 (10.7%), and 42 (8%) additional agencies adopted our program.

  The current asset value of the program as of July 31, 2006 is $541.5 million, with 21,717 participants and 569 agencies.

- State Peace Officers' and Firefighters' Defined Contribution Plan (POFF) - The POFF Plan assets grew 3.3% from last quarter, to $261.0 million. The number of participants decreased by -220 (-.6%), for a total of 34,738. Effective July 1, 2006 the 2% monthly contributions for rank and file employees in bargaining unit 6 resumed, as a result of the collective bargaining process for fiscal year 2006/2007. These employer contributions had been suspended during fiscal year 2005/2006.

- Supplemental Contributions Program (SCP) - The SCP assets decreased -1% from last quarter, to $21.0 million. The number of participants decreased by 7 to 883, for a -.8% decrease.

- Savings Plus Program - In the Savings Plus Program, the S & P 500 Index Fund totaled $871.3 million in assets under management, representing a decrease of $28.0 million -3.2% over the previous quarter.

Investment Transactions

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 22)
- Sales – Internal Management (Page 23)
- Currency Hedge Portfolio Summary (Page 24)
- Currency Hedge Portfolio Transactions (Page 24)

Investment Transaction Information: (full reporting is available in the supplemental reporting document)

- Fixed Income Transactions
  - Internal Domestic
  - External International and High Yield
  - Special Mortgage Investment Program Transactions
  - High Yield Performance
- Equity Summary & Transactions
  - Internal Domestic
  - Corporate Actions
  - External Domestic
  - External International
- Internal Programs
  - Real Estate Transactions Summary
    - Dispositions Summaries
      - CalEast/LaSalle – Brampton, CalPERS share $32,063,036.00
      - CalSmart/RREEF – Rialto II, CalPERS share $6,102,095.00
      - Bridge Urban Infill – Central Station, CalPERS share $4,941,403.00
      - CalWest/RREEF – Beaumeade Land, CalPERS share $3,054,037.00
      - CalWest/RREEF – Garland Jupiter, CalPERS share $3,154,618.00
      - CalWest/RREEF – Plano Parkway, CalPERS share $1,980,146.00
      - CalWest/RREEF – Town Crossing (land), CalPERS share $5,006,440.00
      - CalWest/RREEF – Cal-Tia Investment, CalPERS share $127,814,861.00
    - Acquisitions Summaries
      - CalEast/LaSalle – Aeroterm -Cargex Portfolio, CalPERS share $1,483,073.00
      - CalEast/LaSalle – Aeroterm -Cargex Portfolio, CalPERS share $3,633,659.00
      - Blackrock Realty – The Westminster, CalPERS share $148,347,443.00
      - Blackrock Realty – The Wellington, CalPERS share $166,014,727.00

Investment Transactions

<u>Investment Transaction Information (continued)</u>: (full reporting is available in the supplemental reporting document)

- AIM Program Transactions
- Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Investments Completed under Delegation of Authority
  - Investment Summaries
    - Carlyle Asia Parnerts II , $150 million commitment
    - New Enterprise Associates 12, L.P., $50 million commitment
    - Rhone Capital III, L.P., €100 million commitment
    - Thomas H. Lee Partners Fund VI, L.P., $300 million commitment
    - TPG Partners V, L.P., $750 million commitment
- Internally Managed Derivative Transactions Summary
  - Investment Summaries
    - Futures purchases, $604.5 million notional
    - Futures sales, $585.0 million notional
- Risk Managed Absolute Return Strategies Program Transactions
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority (No items to report)

INVESTMENT TRANSACTONS SUMMARY

($ Millions)
June 30, 2006

PURCHASES

INTERNAL MANAGEMENT

	PAR	COST	ANNUALIZED YIELD	%OF LONG TERM PURCHASES
ALTERNATIVE INVESTMENTS:				
Partnership Component	458.6	$470.7	N/A	4.31%
BONDS:				
Utilities & Industrials	185.6	$185.6	6.40%	1.70%
Sovereign	213.2	212.1	5.40%	1.94%
Total	398.8	$397.7		3.64%
GOVERNMENTS:				
U.S. Agencies & Treasuries	393.7	$390.8	5.26%	3.58%
MORTGAGE SECURITIES:				
Pass-Through	2,406.5	$2,321.2	5.96%	21.25%
CMO	51.5	1.9	8.04%	0.02%
Total	2,458.0	$2,323.1		21.26%
EQUITIES:				
Common Stock		$3,206.3	N/A	29.35%
EXTERNAL MANAGEMENT				
EQUITIES AND FIXED INCOME:				
International Common Stock		$1,563.6	N/A	14.31%
Domestic Common Stock		1,480.0	N/A	13.55%
International Fixed Income		1,092.8	N/A	10.00%
Total		$4,136.4		37.86%
TOTAL PURCHASES:		**$10,925.0**		**100%**

INVESTMENT TRANSACTONS SUMMARY

($ Millions)
June 30, 2006

SALES

INTERNAL MANAGEMENT

	PAR	COST	PROCEEDS	GAIN/ LOSS
ALTERNATIVE INVESTMENTS:				
Partnership Component	1.8	$11.6	$11.6	$0.0
BONDS:				
Utilities & Industrials	154.0	$154.7	$148.4	($6.3)
Sovereign	207.0	205.0	204.0	(1.0)
Total	361.0	$359.7	$352.4	-$7.3
GOVERNMENTS:				
U.S. Agencies & Treasuries	265.5	$269.1	$260.0	($9.1)
MORTGAGE SECURITIES:				
Pass-Through	2,406.5	$2,320.6	$2,323.0	2.4
CMO	276.6	5.1	5.1	0.0
Total	2,683.1	$2,325.7	$2,328.1	$2.4
EQUITIES:				
Common Stock		$2,683.5	$2,699.2	$15.7
EXTERNAL MANAGEMENT				
EQUITIES AND FIXED INCOME:				
International Common Stock		$1,295.1	$1,400.0	$104.9
Domestic Common Stock		1,755.9	1,791.0	$35.1
International Fixed Income		1,042.6	1,056.4	13.8
Total		$4,093.6	$4,247.4	$153.8
TOTAL SALES:		**$9,743.2**	**$9,898.7**	**$155.5**

CURRENCY HEDGE PORTFOLIO SUMMARY

($ Millions)
June 30, 2006

PENDING FX CONTRACTS	COST	MARKET VALUE
Total FX Purchased	$4,507.4	$4,497.5
Total FX Sold	$10,281.8	$10,452.6
CURRENCY OPTIONS		
Currency Puts	($104.3)	($104.3)

"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

($ Millions)
June 30, 2006

PURCHASES	COST
Pending FX Contracts	$642.9
SALES	**PROCEEDS**
Pending FX Contracts	$2,719.8

Affiliate Funds Report – July 31, 2006

Staff has compiled the following investment transaction and portfolio summary reports prepared by the Custodian for the Affiliate Funds for the month ending July 31, 2006.

Affiliate Funds Allocation and Transaction Reports: **(full reporting is available in the supplemental reporting document)**

Legislators' Retirement Fund:

Asset	BOOK VALUE	PERCENT OF PORTFOLIO	MARKET VALUE	PERCENT OF PORTFOLIO
AFFILIATE TIPS	$156,441,161	55.273	$152,700,280	53.188
LEG-INTERNATIONAL - SSGA	$7,686,273	2.716	$13,529,809	4.713
LEGISTRATORS RETIREMENT TOTAL FUND	$118,906,021	42.011	$120,862,781	42.099
TOTAL	$283,033,454	100.000	$287,092,870	100.000

Judges' Retirement Fund:

Asset	BOOK VALUE	PERCENT OF PORTFOLIO	MARKET VALUE	PERCENT OF PORTFOLIO
JUD-INTERNAL SHORT TERM - CALPERS	$116,321	100.000	$116,321	100.000
TOTAL	$116,321	100.000	$116,321	100.000

Affiliate Funds Report – July 31, 2006

Judges II Retirement Fund:

Asset	BOOK VALUE	PERCENT OF PORTFOLIO	MARKET VALUE	PERCENT OF PORTFOLIO
JUDGES II - INTERNATIONAL - SSGA	$25,810,280	13.353	$42,663,797	19.605
JUDGES II TOTAL FUND	$167,475,368	86.647	$174,947,723	80.395
TOTAL	$193,285,648	100.000	$217,611,520	100.000

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

Asset	BOOK VALUE	PERCENT OF PORTFOLIO	MARKET VALUE	PERCENT OF PORTFOLIO
CRF INTERNAL SHORT TERM - CALPERS	$5,483,539	100.000	$5,483,539	100.000
TOTAL	$5,483,539	100.000	$5,483,539	100.000

Volunteer Firefighters Length of Service Award Fund:

Asset	BOOK VALUE	PERCENT OF PORTFOLIO	MARKET VALUE	PERCENT OF PORTFOLIO
VFF INTERNAL SHORT TERM - CALPERS	$2,862,701	100.000	$3,055,899	100.000
TOTAL	$2,862,701	100.000	$3,055,899	100.000

Affiliate Funds Report – July 31, 2006

Supplemental Contribution Fund:

Asset	BOOK VALUE	PERCENT OF PORTFOLIO	MARKET VALUE	PERCENT OF PORTFOLIO
SCP TOTAL FUND	$16,098,127	86.928	$16,921,596	80.379
SUPPLEMENTAL CONTRIBUTION - INTL EQUITY	$2,420,885	13.072	$4,130,557	19.621
TOTAL	$18,519,012	100.000	$21,052,153	100.000

Self Fund Health Care:

Asset	BOOK VALUE	PERCENT OF PORTFOLIO	MARKET VALUE	PERCENT OF PORTFOLIO
SELF FUND HEALTH - CALPERS	$94,517,867	100.000	$94,502,332	100.000
TOTAL	$94,517,867	100.000	$94,502,332	100.000